

Impacts of the Tsunami on Poverty in Sri Lanka

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Prepared by



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1. Background/Justification

The tsunami that hit the coastal areas of Sri Lanka on 26 December 2004 inflicted a great loss of life, livelihood and infrastructure on the country. The worst natural disaster in the country's history killed over 31,000 people, left approximately 6,300 missing and destroyed over 99,000 houses; the affected population is estimated at 1 million out of a total population of approximately 19 million people (5%)¹. The natural ecosystems and coastal infrastructure were also seriously impacted.

In response to this disaster the international development and humanitarian assistance organisations (bilateral, multilateral and non-governmental) mobilised an unprecedented amount of financial resources and technical assistance for the humanitarian and reconstruction effort. However, while substantial assistance was initially committed, disbursement and implementation have been a major challenge, in large part due to capacity constraints. Two years after the tragic waves struck, the discussion continues to be focused on shortcomings such as the inability to achieve the targets set, disregard for affected people's rights, lack of communication with local people etc. The government, the development agencies and the new organisations that came into being with Tsunami are all implicated.

However, other important impacts that the tsunami had on the country have received little attention, particularly **how Sri Lanka's social, political and economic space was affected** by the concentration of financial and technical assistance on the tsunami areas. The influx of foreign currency entering the country and the disbursement of large amounts of assistance in certain areas, the sudden peak in demand for construction materials and labour, the increased numbers of expatriate workers entering the country and the changes in legal and institutional frameworks that were necessary for dealing with tsunami relief and rehabilitation are all likely to have had a major impact on economic, political and social structures. These in turn may have had positive or negative impacts on poverty in the country as a whole.

¹ World Bank (2005), "Sri Lanka Development Forum: The Economy, the Tsunami and Poverty Reduction"

Some of the changes that are hypothesised to have occurred include:

- Changes to macro indicators as a result of the influx of foreign exchange but also as a result of drastically changed circumstances
- Changes in political and social relationships (particularly in relation to the conflict and local social structures)
- Distortion of wages and trends in the labour market as a result of reconstruction and other tsunami activities
- Impacts on the market for goods and services as a result of the consequences of relief and reconstruction efforts
- A shift in development priorities towards tsunami-related activities with potential impacts on on-going and new projects in *non-tsunami*² areas
- A change in overall development priorities following the shift in emphasis to disaster-related development

Some of these impacts would have been fleeting and temporary. Others will be visible only in the longer term. The study being proposed by CEPA aims to capture those impacts that are more permanent and now visible two years after the disaster. CEPA believes that undertaking such a study will fill a gap in the post-tsunami literature which has not yet fully explored the *wider* impacts on Sri Lanka. A greater understanding of the cumulative effect of tsunami assistance should provide some recommendations for future disaster scenario planning in an attempt to mitigate any negative effects on non-affected areas, and help guide more managed, long-term development interventions in the changed context of post-tsunami Sri Lanka.

2. Objectives

- To understand how post tsunami activities changed poverty and equity issues in Sri Lanka
- To understand how the influx of financial and technical assistance after the tsunami impacted on the Sri Lankan economy and social and political structures
- To contribute towards managed, long-term development

3. Methodology

The study is conceptualised as a series of individual papers written on five selected themes by authors with expertise and interest in the subject areas. Authors will be free to conceptualise and implement the studies in ways that are most appropriate to their particular subject and area of expertise. Each study will be backstopped by a member of the CEPA team in order to maintain continuity and maximise learning. The CEPA team will also conduct a literature review that will provide the background to the study.

² According to the Department of Census and Statistics (DCS), 13 out of 14 districts in the coastal belt of Sri Lanka were affected by the tsunami. The DCS collected data on people, housing and other buildings affected using the Census Blocks (CB) of the Census of Population and Housing in 2001. CB is an area within the GN Division consisting of about 80 housing units in Urban areas and about 65 units in Rural or Estate areas. The DCS drew the map of DS divisions affected by tsunami based on impacts captured through this census. We will define 'the non tsunami areas' as those divisions outside of these areas.

The five themes of the study papers and the authors who will be invited to write these papers will be:

- **Legal and social issues relating to women and children**
 - Potential authors: Prof. Savithri Gunasekera, Prof. Sharya Scharenguivel, Ms. Bhavani Fonseka, Ms. Mytle Perera, Ms. Sepali Kottegoda
- **The tsunami and conflict**
 - Potential author: Mr. Sunil Bastian
- **Labour market and wages**
 - Potential author: Dr Ramani Gunetilleke
- **Infrastructure**
 - Potential author: Dr Vishaka Hidellage
- **Impacts of the international community on local relief and development NGOs**
 - Potential authors: Mr. Leelasena, Prof. Hiran Dias, Mr. Udan Fernando

4. Outputs






The project will have the following outputs:

- Brief expert studies on the selected issues
- Literature review
- Workshop to discuss the findings of the expert studies
- Published volume
- A strategy for wider dissemination of the knowledge gained from the studies

5. Budget

Approximately US\$ 83,000 (Tentative estimate)

6. Provisional work plan

	'07/ 1	2	3	4	5	6	7	8	9	10	11	12	'08/1	2	3
Identifying & finalizing Writers															
Funding															
Assign Writing															
Forum															
Editing															
Publishing											